

REMARKS

Reconsideration of this application is respectfully requested in view of the foregoing amendment and the following remarks. Claims 1-22 are currently pending. Claims 1-22 are rejected.

Rejection of Claims 1-22 under 35 USC § 101

Claims 1-22 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Specifically, the Examiner asserts that:

35 USC 101 requires that in order to be patentable the invention must be a “new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” (emphasis added).

Claims 1-11 recite “A financial instrument”. It is not clear if the claimed invention is a “new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”. A financial instrument is essentially a contract and as such does not fall into one of the above-mentioned categories.

Further, claims 1-11 are directed to disembodied data structure which are per se are not statutory (in re Warmerdam, No. 93-1294 Fed.Cir. August 11, 1994)). Note that functional descriptive material consists of data structure and computer programs, which impart functionality when employed as a computer component. Nonfunctional descriptive material includes but is not limited to music, literary works and a compilation or mere arrangement of data. In the present case, the claimed data structure is mere arrangement of data pertaining to a financial instrument without any associated functionality.

Claims 12-22 are rejected under 35 U.S.C. 5 101 because the claimed invention is directed to a non-statutory subject matter. Specifically the method claim as presented does not claim a technological basis in the preamble and the body of the claim. Without a claimed basis, the claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S.C. 101. In contrast, a method claim that includes in the body of the claim structural / functional interrelationship which can only be computer implemented is considered to have a technological basis [See Ex parte Bowman, 61 USPQ2d 1669, 1671 (Bd.Pat. App. & Inter, 2001) - used only for content and reasoning since it is not precedential].

This rejection is respectfully traversed. This rejection has been rendered moot in view of the recent decision by the Board of Patent Appeals and Interferences decision in *Ex Parte Lundgren*. Appeal No. 2003-2088 (Bd. Pat. App. & Int. Sept. 28, 2005). In *Lundgren*, the Board

reversed an Examiner's rejection under § 101 that claims were deficient in the "technological arts." In view of *In re Musgrave*, the Board also found that "mental steps" were not a basis for a rejection under § 101. 431 F.2d 882 (CCPA 1970). In *Diamond v. Diehr*, the Supreme Court recognized only three categories of inventions excluded from patent protection: laws of nature, physical phenomena, and abstract ideas. 450 U.S. 175 (1981). Claims 1-22 are not directed to laws of nature, physical phenomena, or abstract ideas. Thus, a "technological arts" rejection is improper in view of *Lundgren*.

The claimed invention as a whole must be useful and accomplish a practical application, *i.e.*, a useful, concrete and tangible result. *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368, 1373-74 (Fed. Cir. 1998). The purpose of this requirement is to limit patent protection to inventions that possess a certain level of "real world" value, as opposed to subject matter that represents nothing more than an idea or concept, or is simply a starting point for future investigation or research. *See Brenner v. Manson*, 383 U.S. 519, 528-36 (1966); *In re Fisher*, 421 F.3d 1365 (Fed. Cir. 2005); *In re Ziegler*, 992 F.2d 1197, 1200-03 (Fed. Cir. 1993). Accordingly, the present application discloses the "real world" value of the invention of independent claims 1 and 12 and are clearly more than just an idea or concept.

Moreover, claim 1 is not a mere arrangement of data pertaining to a financial instrument without any associated functionality. Claim 1 is directed towards a mandatory convertible security in the form of an Upper DECS with one or more triggers that can accelerate the remarketing of the senior note. For example, claim 1 recites "a first acceleration trigger clause to designate a first date to remarket the fixed income instrument prior to the predetermined remarketing date upon a happening of a first predetermined event" with interaction between the first acceleration trigger and the fixed income instrument. Hence, claim 1 does include associated functionality.

Accordingly, it is respectfully requested that the rejection of claims 1-22 under 35 U.S.C. § 101 be reconsidered and withdrawn.

Rejection of claims 1-22 under 35 USC § 112, Second Paragraph

Claims 1-22 stand rejected under 35 U.S.C. § 112, second paragraph. Specifically, the Examiner asserts that:

Claims 1-11 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It is not clear if by the term “A financial instrument”, the Applicants mean “a method”, “an apparatus” or “a process”. Clarification is required.

Claims 12-22 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential structural cooperative relationships of elements, such omission amounting to a gap between the necessary structural connections. See MPEP § 2172.01. The omitted structural cooperative relationships are: In claim 12 it is not clear as to how the step of offering a forward purchase contract is related to the other steps of the claim, The other steps of the claim can be performed without the step of offering a forward purchase contract. Claims 13-22 are rejected by dependency. Appropriate clarification/correction is required.

The undersigned representative respectfully traverses the rejection of claims 1-22 under 35 U.S.C. § 112, second paragraph. Claims 1-11 particularly point out and distinctly claim a financial instrument. As indicated above in the 101 rejection, the Examiner stated that “A financial instrument is essentially a contract ...” Thus, the Examiner has demonstrated that the subject matter of claims 1-11 is clearly understood. Moreover, there is no requirement under 35 U.S.C.112 that a claim must include specific terms, such as “a method, apparatus, or process.”

Regarding claims 12-22, claim 12 is complete, does not omit a gap between the necessary structural connections, and conforms with MPEP 2172.01. MPEP 2172.01 recites

A claim which omits matter disclosed to be essential to the invention as described in the specification or in other statements of record may be rejected under **35 U.S.C. 112**, first paragraph, as not enabling. *In re Mayhew*, 527 F.2d 1229, 188 USPQ 356 (CCPA 1976). See also **MPEP § 2164.08(c)**. Such essential matter may include missing elements, steps or necessary structural cooperative relationships of elements described by the applicant(s) as necessary to practice the invention.

In addition, a claim which fails to interrelate essential elements of the invention as defined by applicant(s) in the specification may be rejected under **35 U.S.C. 112**,

second paragraph, for failure to point out and distinctly claim the invention. See *In re Venezia*, 530 F.2d 956, 189 USPQ 149 (CCPA 1976); *In re Collier*, 397 F.2d 1003, 158 USPQ 266 (CCPA 1968). >But see *Ex parte Nolden*, 149 USPQ 378, 380 (Bd. Pat. App. 1965) ("[I]t is not essential to a patentable combination that there be interdependency between the elements of the claimed device or that all the elements operate concurrently toward the desired result"); *Ex parte Huber*, 148 USPQ 447, 448-49 (Bd. Pat. App. 1965) (A claim does not necessarily fail to comply with 35 U.S.C. 112, second paragraph where the various elements do not function simultaneously, are not directly functionally related, do not directly intercooperate, and/or serve independent purposes.).<

Claim 12 recites "offering a forward purchase contract to purchase at least one equity share at a predetermined future contract date." The forward purchase contract is part of the financial instrument that is being offered. Claim 12 does not require interdependency between offering the forward purchase contract and the other parts of the financial instrument. At a minimum, claim 13 provides the interdependency between the forward purchase contract and the other parts of the financial instrument. Claim 13 is directed towards a second acceleration trigger that can occur with respect to the predetermined future contract date of the forward purchase contract. As stated in MPEP§ 2172.01, "[I]t is not essential to a patentable combination that there be interdependency between the claim elements of the claimed device or that all of the elements operate concurrently toward the desired result." *Ex parte Huber*, 148 USPQ 447, 448-49 (Bd. Pat. App. 1965). Thus, claim 12 does not have to have interdependency between all of the claim elements.

Thus, for at least these reasons, independent claims 1 and 12, as well as dependent claims 2-11 and 13-22, respectively, comply with 35 U.S.C. §112, second paragraph. As a result, the undersigned representative requests that the rejection of claims 1-22 under 35 U.S.C. §112, second paragraph be withdrawn.

Rejection of claims 1-22 under 35 USC § 103(a)

Claims 1-22 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Application No. 2003/0130941 to Birle Jr. *et al.* ("Birle"). Specifically, the Examiner asserts that:

Claims 1 and 12, Birle teaches the step of providing a first acceleration trigger clause to designate a contingency prior to a predetermined date upon a happening of a first predetermined event (See Birle Paragraph 39).

Birle does not explicitly the steps of offering a fixed income instrument having a predetermined remarketing date for remarketing the fixed income instrument; offering a coupon for the fixed income instrument; offering a forward purchase contract to purchase at least one equity share at a predetermined future contract date.

Discussion of prior art in the applicant's specification discloses the steps of offering a fixed income instrument having a predetermined remarketing date for remarketing the fixed income instrument; offering a coupon for the fixed income instrument; offering a forward purchase contract to purchase at least one equity share at a predetermined future contract date (See Applicant's discussion of prior art in paragraphs 7 and 8 on pages 3 and 4).

Both the disclosed prior art by the applicant and Birle are concerned with offering of hybrid securities to meet the needs of the issuer and the investor. It would have been obvious to one of ordinary skill in the art to include the disclosed prior art to the disclosure of Birle. The combination of disclosures suggests that issuers would have benefited from having the financial instruments structured to suit their individual needs and requirements.

Claims 2 and 13, Birle teaches the step of providing a second acceleration trigger clause designating a second date to make a contingent payment upon a happening of a second predetermined event (See Birle Paragraph 39). The contingent payment is interpreted to include payments to purchase the at least one equity share.

Claims 3 and 14, Birle teaches providing a second acceleration trigger clause designating a third date to designate a contingency upon a happening of a second predetermined event (See Birle Paragraph 39), The contingency is interpreted to include remarketing the fixed income instrument prior to the predetermined remarketing date.

Claims 4-11 and 15-22, Birle discloses multiple triggers that may be triggered at any time (See Birle Paragraph 39). The multiple triggers that maybe triggered at any time are interpreted to include the specific dates and features included in these claims.

This rejection is respectfully traversed. Birle does not establish a *prima facie* case of obviousness. Pursuant to the requirements for establishing a *prima facie* case of obviousness, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). Referring to MPEP Section 2142,

[t]o establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, *the prior art reference (or references when combined) must teach or suggest all the claim limitations*. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on the applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

(emphasis added). As discussed herein, the Examiner has not met the initial burden of factually supporting a *prima facie* conclusion of obviousness and the undersigned representative is under no obligation to submit evidence of nonobviousness. MPEP § 2142; *See In re Newell*, 891 F.2d 899, 13 USPQ2d 1210 (Fed. Cir. 1985). Significantly, it has been judicially held that generalizations do not establish the requisite motivation to modify a specific reference in a specific manner to arrive at a specifically claimed invention. *See In re Deuel*, 51 F.3d 1552, 34 USPQ2d 1410 (Fed. Cir. 1995). The Examiner has not provided proper motivation to modify Birle, thus the Examiner has not met his burden of establishing a *prima facie* case of obviousness.

As admitted by the Examiner, "Birle does not explicitly [teach or suggest] the steps of offering a fixed income instrument having a predetermined remarketing date for remarketing the fixed income instrument; offering a coupon for the fixed income instrument; offering a forward purchase contract to purchase at least one equity share at a predetermined future contract date." The Examiner is relying on the applicant's discussion of prior art in paragraphs 7 and 8 of the specification for teaching these elements. This discussion is directed to the problems encountered with an Upper DECS. To overcome the problems with the Upper DECS, this application is directed towards a mandatory convertible security in the form of an Upper DECS with one or more triggers that can accelerate the remarketing of the senior note (e.g., the underlying fixed income instrument and/or the forward purchase contract). For this element, the Examiner is inappropriately relying on Birle.

The Examiner has not provided proper motivation why "The combination of disclosures suggests that issuers would have benefited from having the financial instruments structured to

suit their individual needs and requirements.” Non-final Office Action sent on October 11, 2005, page 5. The Examiner claims to have resolved this issue not by citing objective evidence to establish prior art, but by giving one having ordinary skill whatever unproven prior art knowledge it takes to get to the claimed invention. This approach is legally erroneous as the Examiner clearly traversed the line between skill in the art and the prior art itself. *In re Kratz*, 592 F.2d 1169, 201 USPQ 71 (CCPA 1979).

The Examiner states “It would have been obvious to one of ordinary skill in the art to include the disclosed prior art to the disclosure of Birle.” Non-final Office Action sent on October 11, 2005, page 5. We disagree. The Examiner cites no reference that suggests that one of ordinary skill in the art would have been motivated to make the claimed improvement. There is no motivation, nor would it be obvious to one of ordinary skill in the art, to offer such a financial instrument as recited in claims 1 and 12.

It is well settled that the problem addressed and solved by a claimed invention must be given consideration in resolving the ultimate legal question of obviousness under 35 U.S.C. §103. *North American Vaccine, Inc. v. American Cyanamid Co.*, 7 F.3d 1571, 28 USPQ2d 1333 (Fed. Cir. 1993); *Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 15 USPQ2d 1321 (Fed. Cir. 1990); *In re Newell, supra*. The present invention addresses and solves the following problems associated with Upper DECS. Birle does not address the problems associated with Upper DECS financial instruments. The problems addressed and solved by the claimed invention constitute an indicia of non-obviousness.

Moreover, recognizing after the fact that such a modification would provide an improvement or advantage, *without suggestion thereof by the prior art*, rather than dictating a conclusion of obviousness, is an indication of improper application of hindsight considerations. Simplicity and hindsight are not proper criteria for resolving obviousness. *In re Warner*, 379 F.2d 1011, 154 USPQ 173 (CCPA 1967). Only the present application discloses an Upper DECS financial instrument having one or more acceleration triggers. Birle does not disclose Upper DECS. Thus, the only motivation of record for the proposed modification of Birle to arrive at the claimed invention is found in Applicant’s disclosure which, of course, may not properly be relied

upon to support the ultimate legal conclusion of obviousness under 35 U.S.C. §103. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 227 1 USPQ2d 1593 (Fed. Cir. 1987). Thus, the Examiner is using hindsight which is not proper criteria for resolving obviousness.

Finally, the Examiner is not considering the claimed invention as a whole. In determining the differences between the prior art and the claims, the question under 35 U.S.C. §103 is not whether the differences themselves would have been obvious, but whether the claimed invention as whole would have been obvious. *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 218 USPQ 871 (Fed. Cir. 1983). Distilling an invention down to the “gist” or “thrust” of an invention disregards the requirements of analyzing the subject matter “as a whole.” *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983). The Examiner is not looking at the claimed invention as whole, but simply looking at whether the differences themselves would have been obvious. Thus, the Examiner is improperly rejecting claims 1-22.

Thus, for at least these reasons, independent claims 1 and 12, as well as dependent claims 2-11 and 13-22, respectively, are patentable over Birle. As a result, the undersigned representative requests that the rejection of claims 1-22 under 35 U.S.C. §103(a).

CONCLUSION

The foregoing is submitted as a full and complete Response to the non-final Office Action mailed October 11, 2005, and early and favorable consideration of the claims is requested. If the Examiner believes any informalities remain in the application which may be corrected by Examiner's Amendment, or if there are any other issues which may be resolved by telephone interview, a telephone call to the undersigned attorney at (202)508-5843 is respectfully solicited.

Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 50-1458, and please credit any excess fees to such deposit account.

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